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Cincinnati-Porcupine

Mines Limited



Annual Report to the Shareholders

for the Fiscal Year ended December 31

1965



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Cincinnati-Porcupine

Mines Limited

OFFICERS

<i>President</i>	- - - - -	- - - - -	BERT W. LANG
<i>Vice-President</i>	- - - - -	- - - - -	J. L. C. JENNER
<i>Secretary</i>	- - - - -	- - - - -	R. A. CRANSTON, Q.C.
<i>Treasurer, Assistant Secretary</i>	- - - - -	- - - - -	E. A. PIGULSKI

DIRECTORS

BERT W. LANG	R. A. CRANSTON, Q.C.
J. L. C. JENNER	E. A. PIGULSKI
R. W. PINGLE	E. N. DORAN
STEVE TESLUK	

HEAD OFFICE

Suite 1705, 80 Richmond St. West
Toronto, Ont.

TRANSFER AGENT AND REGISTRAR

CANADA PERMANENT TRUST COMPANY
Toronto, Ont., Canada

THE ANNUAL MEETING WILL BE HELD ON MONDAY,
MARCH 14th, 1966, AT 3:00 O'CLOCK IN THE AFTERNOON, TORONTO TIME,
AT SUITE 1705, 80 RICHMOND STREET WEST, TORONTO, ONTARIO

CINCINNATI-PORCUPINE MINES LIMITED

Report of the Directors

To the Shareholders,
CINCINNATI-PORCUPINE MINES LIMITED:

Your Directors submit herewith the Annual Report of the Company which includes the Balance Sheet showing the financial position of the Company as at 31st December, 1965 with Auditors' Report, Statement of Deferred Exploration, Development and Administrative Expenses showing expenditures during 1965, a report on the Company's properties by Walter F. Brown, Mining Engineer, and a map showing the location of the groups of claims in Robb and Jessop Townships in the Timmins Area.

Cincinnati holds a group of 145 claims or about 5,800 acres in Robb Township, adjoining on the west the property of Kam-Kotia Mine and covering for an estimated length of between 2 and 3 miles the projected extension of the geological formations containing the copper-zinc orebodies at Kam-Kotia Mine which is equipped with a 1,750 ton-per-day mill. Of a total of 145 claims, 139 are owned by the Company and 6 are under option.

During the past two years extensive geophysical work was carried out and seven holes were drilled for a total of 4,386 feet on the Robb Township property. It would appear that the direction and dip of most of the holes drilled were such that they did not adequately test the target conductors or the favourable rhyolite-andesite contacts.

As it is believed that deep overburden covers the rock surface of most of the Company's claims, it is planned to re-survey large areas using new E.M. instruments which will penetrate much deeper than the E.M. instruments previously used. The new instruments will also be used to further check, before drilling, a number of conductors indicated by previous work and to trace out the rhyolite-andesite zone.

It is planned to commence drilling early in March to explore a number of conductors already indicated and additional conductors which may be located by further geophysical work. The drilling program will also include drilling to locate the rhyolite-andesite zone in which the Kam-Kotia orebodies are located and to then explore the projected extension of this zone across the Cincinnati property by a combination of drilling and geophysics.

It was recently announced that diamond drilling from underground at the Kam-Kotia Mine has indicated a new major copper-zinc orebody. It is believed that this orebody may be located within 2,000 feet from the east boundary of Cincinnati. The depth potential of the Kam-Kotia zone is indicated by a deep hole drilled recently by Kam-Kotia, located about 2,600 feet from the Cincinnati boundary, which is reported to have cut 16 feet grading 2.13% copper and 18.47% zinc at a depth of 1,300 feet.

The Company also holds a group of 53 claims or about 2,100 acres in Jessop Township, Timmins Area, which it is believed may cover for a length of 2 miles a rhyolite-andesite contact at a location about 6 miles south of the Texas Gulf orebody. It is planned to carry out a geophysical survey over this group of claims and to test by drilling any conductors indicated by the survey which warrant such testing.

The Company continues to hold the claim, located in Deloro Township, Timmins Area, which is surrounded by the property of Preston Mines Limited. Diamond drilling from surface carried out by

Preston some years ago, returned a number of interesting gold sections on the Cincinnati claim. Limited underground exploration carried out by extending drifts from the Preston Mine into the Cincinnati claim on one level did not indicate any material of ore grade.

In settlement of liabilities owing to a Director totalling \$114,038.22 as shown on the balance sheet, 400,000 shares of the Company have been issued. The 584,000 shares received by Vendors for properties acquired by the Company in Robb and Jessop Townships were donated by a shareholder.

In order to provide funds to settle current liabilities other than owing to a Director, for further exploration and development work, option payments, and for operating expenses, an offering will be made to the shareholders of 800,000 shares at 25¢ per share. The offering made to shareholders in 1964 of 400,000 shares at 25¢ per share was fully subscribed.

In order that shares may be readily available to finance underground development and bring the property into production if results so warrant, your Directors have passed a Resolution, subject to approval by the shareholders, authorizing an increase in the authorized capital of the Company from 5,000,000 shares to 7,000,000 shares.

In view of the favourable geological setting of the Company's properties in Robb Township covering the projected extension of the Kam-Kotia ore zone, the search for orebodies should have a better than average possibility of being successful.

On Behalf of the Board of Directors,



A handwritten signature in dark ink, appearing to read "Bertie F. Bentley", followed by a short horizontal line and the title "President".

Toronto, Ontario,
February 10th, 1966.

CINCINNATI-PORCUPINE MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET AS AT DECEMBER 31, 1965

MINING PROPERTIES — at cost		ASSETS	
Deloro Township			
1 patented claim			\$ 10,679.56
Robb Township			
3 patented claims		\$ 31,678.72	
6 patented claims under option (Note 3)			
Option payments	\$ 35,000.00		
Other costs	1,020.00	36,020.00	
64 unpatented claims		4,050.00	
72 unpatented claims under option (Note 3)			
Option payments	\$ 49,000.00		
Other costs	1,380.25	50,380.25	122,128.97
Jessop Township			
5 patented claims		\$ 30,411.60	
48 unpatented claims		1,824.00	32,235.60
DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENSES			165,044.13
(per statement attached)			275,364.41
ORGANIZATION EXPENSES			2,363.04
			<u>\$442,771.58</u>
CURRENT:		LIABILITIES	
Bank indebtedness			\$ 36,486.10
Accounts payable			5,974.23
Due to director (Note 1)			
Mortgage payable — 6% due February 26, 1967	\$ 29,637.45		
Current account	84,400.77	114,038.22	156,498.55
SHAREHOLDERS' EQUITY			
CAPITAL STOCK:			
Authorized			
5,000,000 shares of a par value of \$1.00 each			<u>\$5,000,000.00</u>
Issued			
Number of			
Shares		Par Value	Discount
2,300,000 for cash	\$ 2,300,000.00	1,991,341.93	308,658.07
600,000 for mining properties	600,000.00	570,000.00	30,000.00
2,900,000 shares	\$ 2,900,000.00	2,561,341.93	338,658.07
DEFICIT			52,385.04
			<u>286,273.03</u>
			<u>\$442,771.58</u>

Approved on behalf of the Board:

B. W. LANG, Director

R. A. CRANSTON, Director

The attached notes form an integral part of these financial statements.

To the Shareholders,

CINCINNATI-PORCUPINE MINES LIMITED.

We have examined the balance sheet of Cincinnati-Porcupine Mines Limited as at December 31, 1965, and the related statement of deferred exploration, development and administrative expenses for the period from date of incorporation, July 5, 1935 to December 31, 1965. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet together with the notes attached thereto, and statement of deferred exploration, development and administrative expenses present fairly the financial position of the Company as at December 31, 1965, and the results of its operations for the period from date of incorporation, July 5, 1935 to December 31, 1965, in accordance with generally accepted accounting principles.

January 20, 1966.

Toronto, Ontario.

GLENDRINNING, JARRETT, GOULD & CO.,
Chartered Accountants, Auditors.

CINCINNATI-PORCUPINE MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

- As at January 17, 1966, 400,000 shares of treasury stock (of which 90% are held in escrow) were issued in full settlement of the liability due a director in the amount of \$114,038.22. The said shares were donated by the director to exercise fully, on behalf of the Company, the option as noted in 3(c) of the notes hereto.
- Of the issued shares, 500,000 shares were placed in trust by a shareholder to be used for the purpose of acquiring mining claims. Of these shares, 184,000 shares (including 50,000 shares delivered after December 31, 1965) have been used to acquire mining claims, leaving a balance of 316,000 shares. Such of these shares as remain in trust after July 5, 1968 shall be re-transferred to the shareholder.
- The options on the properties may be fully exercised as follows:

(a)

Option	On or Before	Option Payments	Shares in a Company to which claims are transferred
Accra	January 20, 1966	\$ 4,000.00	50,000 (b)
Wallingford	July 2, 1966	\$15,000.00	
	January 2, 1967	30,000.00	
	July 2, 1968	50,000.00	30,000
Tesluk	January 20, 1966	—	400,000 (c)
		\$99,000.00	480,000

(b) The Accra option (as amended) was fully exercised by this Company on January 19, 1966, by a payment of \$4,000.00 and causing to be delivered to the optionor 50,000 shares of the capital stock of this Company, which shares were delivered from the 500,000 shares placed in trust by a shareholder as noted in (2) of the notes hereto.

(c) Under the terms of the Tesluk option (as amended) the optionor is to receive 400,000 shares of the capital stock of this Company. This option was exercised on January 17, 1966. A certificate for 40,000 shares was forwarded to the optionor and a certificate for 360,000 shares was placed in escrow subject only to the release and/or transfer with the consent of the Ontario Securities Commission.

Further, the Company has given an undertaking that it will not reorganize its share capital on or before a date five years after the date upon which such share certificates were issued to the optionor without first receiving the optionor's consent in writing to such reorganization, provided that any increase in the authorized capital of the Company shall not be considered to be a reorganization of its share capital.

- As at January 20, 1966, a total of 400,000 shares of this Company was held in escrow, subject only to release and/or transfer with the consent of the Ontario Securities Commission.
- In consideration of certain development work carried out on the Deloro claim by another mining company, the Company has agreed to pay to such mining company the sum of \$41,144.20, but only out of the profits, if any, realized from the disposition of ores from that claim. As at December 31, 1965 no further work had been performed on the property and the Company is not liable for any payments as at that date.
- On January 14, 1966 a special resolution was passed by the Board of Directors, subject to the approval of the shareholders, to increase the authorized capital of the Company from \$5,000,000.00 to \$7,000,000.00 by creating an additional 2,000,000 shares with a par value of \$1.00 each, ranking on a par with the existing shares.

CINCINNATI-PORCUPINE MINES LIMITED

STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENSES

For period from date of incorporation, July 5, 1935 to December 31, 1965

	Incorporation to January 1, 1964	1964 Expenses	1965 Expenses	Incorporation to December 31, 1965
EXPLORATION AND DEVELOPMENT EXPENSES:				
Deloro Township	\$166,609.69	10.97	10.97	166,631.63
Robb Township				
Assaying	74.50	33.80	—	108.30
Maps, prints and searches	16.12	194.24	165.99	376.35
Aerial geophysical survey	—	5,622.93	—	5,622.93
Claims survey	—	8,268.65	1,907.50	10,176.15
Camp expenses	—	—	28.80	28.80
Consultants' fees	—	1,144.81	200.00	1,344.81
Equipment rental	—	1,898.90	—	1,898.90
Field expenses and supplies	—	205.62	—	205.62
Ground geophysical survey	—	12,438.36	9,428.38	21,866.74
Line cutting	—	12,401.54	2,776.11	15,177.65
Extension fees	—	260.00	85.00	345.00
Acreage taxes	—	34.63	8.63	43.26
Diamond drilling	—	18,628.26	—	18,628.26
Geological surveys	—	330.20	—	330.20
Transportation	—	—	28.80	28.80
Jessop Township				
Claims survey	—	1,455.40	—	1,455.40
Camp expenses	—	—	54.75	54.75
Consultant's fees	—	—	200.00	200.00
Maps, prints and searches	—	14.06	69.99	84.05
Aerial geophysical survey	—	—	3,751.00	3,751.00
Line cutting	—	—	2,876.25	2,876.25
Ground geophysical survey	—	—	1,025.68	1,025.68
Acreage taxes	—	12.00	20.00	32.00
Transportation	—	—	20.17	20.17
General				
Miners' fees and licences	—	200.00	100.00	300.00
	\$166,700.31	63,154.37	22,758.02	252,612.70
ADMINISTRATIVE AND OTHER EXPENSES:				
Accounting and audit	\$ 855.00	250.00	500.00	1,605.00
Legal and secretarial	3,659.38	1,500.00	451.60	5,610.98
Miscellaneous expense	207.46	795.76	50.20	1,053.42
Stationery and printing	191.58	102.48	11.18	305.24
Taxes and filing fees	727.92	150.00	130.00	1,007.92
Transfer agents' fees	1,168.67	225.97	137.11	1,531.75
Travelling expense	1,646.72	370.31	172.45	2,189.48
Furniture and fixtures written off	603.05	—	—	603.05
Telephone and telegraph	151.20	541.10	52.45	744.75
Shareholders' meetings and reports	242.38	217.92	—	460.30
Bank charges and interest	—	215.27	1,660.59	1,875.86
Office services and accommodation	—	3,500.00	875.00	4,375.00
Postage	—	10.50	—	10.50
Publicity	—	1,143.87	51.66	1,195.53
Stock certificates	—	182.93	—	182.93
	\$ 9,453.36	9,206.11	4,092.24	22,751.71
TOTAL EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENSES	\$176,153.67	72,360.48	26,850.26	275,364.41

REPORT ON
CINCINNATI-PORCUPINE MINES LIMITED

Cincinnati-Porcupine Mines Limited holds two groups of claims, one in Robb Township, the other in Jessop Township, and one claim in Deloro Township, all in the Timmins Area of Ontario. This report is concerned only with the groups of claims in Robb and Jessop Townships:

1. Robb Township Group of Claims

Location and Access

This group of claims in Robb Township lies about 16 miles northwest of the Town of Timmins and adjoins the Kam-Kotia copper mine on the west. Highway No. 576 crosses the southeast corner of the property and hydro power would be readily available from the line supplying the Kam-Kotia Mine.

Property

The group consists of 145 claims covering most of the northeast quarter of Robb Township.

The claim numbers are as follows:

P-24054	P-50558
P-52092 to P-52104 incl.	P-54271 to P-54285 incl.
P-55453 to P-55458 incl.	P-50683
P-55537 to P-55544 incl.	P-54714 to P-54716 incl.
P-50526 to P-50529 incl.	P-54405 to P-54409 incl.
P-50552	P-50546 to P-50549 incl.
P-54256 to P-54268 incl.	P-28139, P-28140 and P-37508
P-54287 and P-54288	P-53431
P-54402 to P-54404 incl.	P-52107 to P-52109 incl.
P-51122	P-55528 to P-55531 incl.
P-54717 to P-54721 incl.	P-54078 and P-54079
P-21155 to P-21158 incl.	P-50545
P-27911	P-50559
P-52106	P-50684
P-55474 to P-55490 incl.	P-51121
P-55555 to P-55563 incl.	P-54424 to P-54428 incl.
P-50540 to P-50542 incl.	P-50682 and P-51120 incl.

Geology

All consolidated rocks in the whole general area are of Precambrian age. Overburden is fairly heavy over the claim area but it is believed that the rhyolite-greenstone contact adjacent to which the copper orebodies of the Kam-Kotia Mine are located extends into the property for a considerable distance.

Exploration

An aerial survey over this group of claims indicated several electromagnetic anomalies.

A geochemical survey has outlined several areas showing copper and zinc content.

Considerable ground geophysical work has been done and further work is planned for this year.

Seven diamond drill holes totalling 4,386 feet have been drilled without results of economic significance although some stringers of chalcopyrite and some pyrite mineralization were encountered. Location and direction of most of the holes are such that they do not cover the favourable rhyolite-greenstone contact.

Diamond drilling will be done to explore a number of conductors obtained by ground geophysics, including 3 conductors adjacent to the Cincinnati-Porcupine-Kam-Kotia Mine boundary. Diamond drilling will also be done to test for the possible projection of the favourable band of rocks which contain the ore bodies on the Kam-Kotia property.

2. Jessop Township Group of Claims

Location and Access

This group of claims in Jessop Township lies about 8 miles due north of the Town of Timmins. Highway No. 629 runs from Timmins to the Airport which is located 1.5 miles south of the group. A road about 2 miles in length branching off the road between Timmins and the Texas Gulf property is used for access to the property.

Property

The group consists of 53 contiguous claims in the northeast quarter of Jessop Township.

P-26137	P-26715	P-25658
P-25530	P-25531	P-53742 to P-53744 incl.
P-55887 to P-55901 incl.	P-56839 to P-56868 incl.	

Geology

All consolidated rocks in the whole general area are of Precambrian age. Overburden is fairly heavy over the claim area but it is believed that a rhyolite-greenstone contact extends across a considerable portion of the property.

Exploration

Several electromagnetic anomalies have been indicated by an aerial survey of this group. Some ground geophysical work has been done and considerable more is planned for during 1966. If results obtained from this geophysical work warrant it diamond drilling will be done.

Proposed Exploration and Development Program and Estimated Cost for the Period January 1 - August 31, 1966

During the period Jan. 1-Aug. 31, 1966 it is planned to do considerable geophysical work and diamond drilling on the groups of claims in Robb and Jessop Townships.

The estimated cost of the proposed work and other expenditures during this period is as follows:

Geophysical work	\$ 7,000
Diamond Drilling	75,000
Payments on options	19,000
Head Office and Corporate Expense	6,000
Total	<u>\$ 107,000</u>

Conclusions

Considering the location and the indicated geological features of the two groups of claims the proposed exploration program and the estimated expenditures are justified.

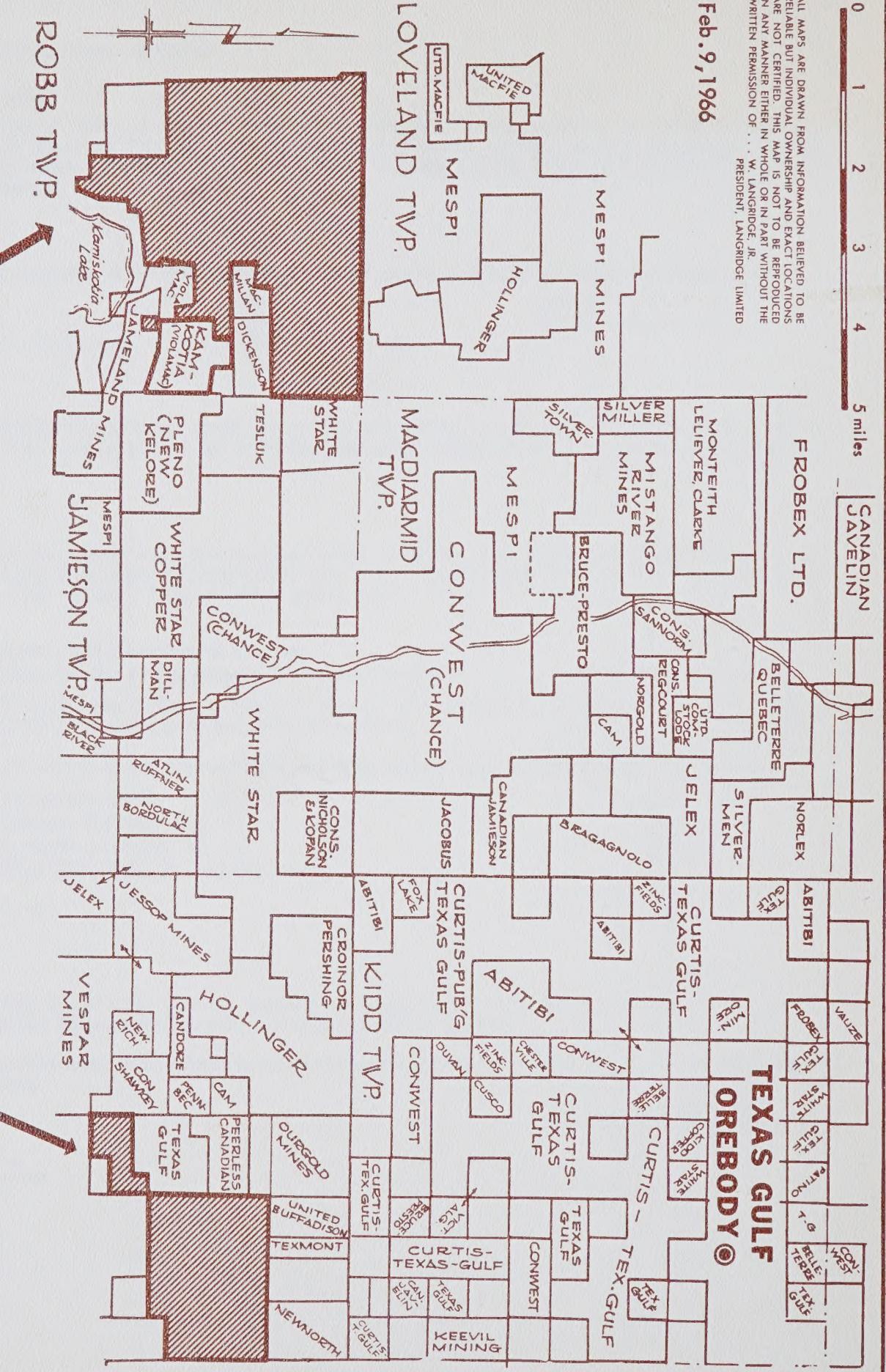
The program is, of course, subject to change in extent and character depending on results obtained as the work progresses.

WALTER F. BROWN, P.Eng.

Toronto, Ontario,
January 14th, 1966.

ALL MAPS ARE DRAWN FROM INFORMATION BELIEVED TO BE
RELIABLE BUT INDIVIDUAL OWNERSHIP AND EXACT LOCATIONS
ARE NOT CERTIFIED. THIS MAP IS NOT TO BE REPRODUCED
IN ANY MANNER EITHER IN WHOLE OR IN PART WITHOUT THE
WRITTEN PERMISSION OF . . . W. LANGRIDGE, JR.
PRESIDENT, LANGRIDGE LIMITED

Feb. 9, 1966



CINCINNATI-PORCUPINE MINES LIMITED

80 RICHMOND STREET WEST, TORONTO 1, ONTARIO.

LOCATION MAP showing CINCINNATI'S GROUPS of 145 CLAIMS
in ROBB TOWNSHIP and 53 CLAIMS in JESSOP TOWNSHIP, TIMMINS MINING AREA, ONTARIO.

CINCINNATI-PORCUPINE MINES LIMITED

Summary of Annual Report for Fiscal Year Ended December 31st, 1965.

Cincinnati plans to commence drilling early in March on its group of 145 claims in Robb Township, adjoining on the west the property of Kam-Kotia Mine, which covers for an estimated length of between two and three miles the projected extension of the geological formations containing the copper-zinc orebodies at Kam-Kotia Mine. The drilling program will include the exploration of a number of electromagnetic conductors and to locate and explore the projected extension of the Kam-Kotia rhyolite-andesite zone across the Cincinnati property. The new major copper-zinc orebody recently announced on the Kam-Kotia property is believed to be located within 2,000 feet of the Cincinnati boundary. The depth potential of the Kam-Kotia zone is indicated by a deep hole drilled recently by Kam-Kotia, located about 2,600 feet from the Cincinnati boundary, which is reported to have cut 16 feet grading 2.13% copper and 18.47% zinc at a depth of 1,300 feet.

As it is believed that deep overburden covers the rock surface of most of the Company's claims, large areas will be re-surveyed using new E.M. instruments which will penetrate much deeper than the E.M. instruments previously used. The new instruments will also be used to further check a number of conductors indicated by previous geophysical work and to trace out the rhyolite-andesite zone.

The group of 53 claims held by the Company in Jessop Township is believed to cover for a length of two miles the rhyolite-andesite contact at a location about 6 miles south of the Texas Gulf orebody. A geophysical survey will be carried out over this group of claims and any conductors which warrant testing will be explored by drilling.

In order to provide funds, an offering will be made to the shareholders of 800,000 shares at 25¢ per share. The offering made to shareholders in 1964 of 400,000 shares at 25¢ per share was fully subscribed.

400,000 shares have been issued in settlement of liabilities owing to a Director totalling \$114,038.22. The 584,000 shares received by vendors for property acquired by the Company in Robb and Jessop Townships were donated by a shareholder.

In view of the favourable geological setting of the Company's property in Robb Township covering the projected extension of the Kam-Kotia ore zone the results of the drilling program will be followed with a great deal of interest.

February 18th, 1966.

